

## Appendix I – 2018/19 BUDGET/FORECAST AND PROJECTED SPEND

The Budget and Projected Spend for NESPF Administration Expenses are shown below:

	Notes	Full Year Budget 2018/19	Budget to 30/09/18	Actual Spend to 30/09/18	Accrual to 30/09/18	Amended Spend to 30/09/18	Over or (Under) to 30/09/18	Proj Annual Spend 2018/19	Proj Over or (Under) Spend 2018/19
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Staff Costs	1	1,281	641	252	248	500	(141)	1,012	(269)
Support Services Inc IT		659	329	385	79	464	135	652	(7)
Printing & Publications		23	12	15	2	17	5	22	(1)
<b>Administration Expenses Total</b>		<b>1,963</b>	<b>982</b>	<b>652</b>	<b>329</b>	<b>981</b>	<b>(1)</b>	<b>1,686</b>	<b>(277)</b>

**Note (Spend Variance  $\pm$  5%):**

1. Under spend – New posts yet to be filled.

## Appendix I – 2018/19 BUDGET/FORECAST AND PROJECTED SPEND (continued)

The Budget and Projected Spend for NESPF Oversight & Governance Expenses are shown below:

	Notes	Full Year Budget 2018/19 £'000	Budget to 30/09/18 £'000	Actual Spend to 30/09/18 £'000	Accrual to 30/09/18 £'000	Amended Spend to 30/09/18 £'000	Over or (Under) to 30/09/18 £'000	Proj Annual Spend 2018/19 £'000	Proj Over or (Under) Spend 2018/19 £'000
Investment Staff Costs	1	189	95	37	34	71	(24)	148	(41)
Pension Fund Committee	2	11	5	2	5	7	2	15	4
Pension Board	3	4	2	0	0	0	(2)	5	1
External Audit Fee		40	20	0	20	20	0	40	0
Internal Audit Fee		10	5	0	5	5	0	10	0
Actuarial Fees		112	56	46	13	59	3	114	2
General Expenses	4	106	53	75	34	109	56	143	37
<b>Oversight &amp; Governance Expenses Total</b>		<b>472</b>	<b>236</b>	<b>160</b>	<b>111</b>	<b>271</b>	<b>35</b>	<b>475</b>	<b>3</b>

### Note (Spend Variance $\pm$ 5%):

1. Under spend – new post yet to be filled.
2. Over spend – Level of spend for the training event in London will largely depend upon the level of attendance, flight, hotel and subsistence costs.
3. Over spend – see Note 2.
4. Over spend – Increased usage of Investment and legal advice, i.e. KPMG and Brodies.

## Appendix I – 2018/19 BUDGET/FORECAST AND PROJECTED SPEND (continued)

The Forecast and Projected Spend for NESPF Investment Management Expenses are shown below:

	Notes	Full Year Forecast 2018/19	Forecast to 30/09/18	Actual Spend to 30/09/18	Accrual to 30/09/18	Amended Spend to 30/09/18	Over or (Under) to 30/09/18	Proj Annual Spend 2018/19	Proj Over or (Under) Spend 2018/19
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management		12,097	6,049	(1,036)	7,084	6,048	(1)	12,096	(1)
Performance Fees		5,536	2,768	(4,892)	7,660	2,768	0	5,536	0
Direct Property Expenses	1	250	125	68	28	96	(29)	192	(58)
Transaction Costs	2	2,000	1,000	204	800	1,004	4	2,004	4
Custody Fees		145	72	0	84	84	12	146	1
<b>Investment Management Expenses Total</b>		<b>20,028</b>	<b>10,014</b>	<b>(5,656)</b>	<b>15,656</b>	<b>10,000</b>	<b>(14)</b>	<b>19,974</b>	<b>(54)</b>

### Note (Spend ± 5%):

- The Forecast for 2018/19 is based upon the Fund Manager's estimation for the year. The most significant movement is the projected level of 'Shortfall on Services', which includes Void Rates and Service Charge Costs. These costs can fluctuate as tenants change throughout the year.

Apart from the above, a largely neutral position has been projected for the Investment Management Expenses. However, this is mainly due to insufficient data being available at the time of the production of this report to project with any degree of accuracy.

2. Transaction Costs are reported by the Custodian (HSBC).

**Analysis of Transaction Costs for the period 1 April 2018 to 30 June 2018:**

	Commission (£)	Expenses (£)	Tax (£)	Total (£)
Equities	67,371.60	685.61	208,138.79	276,196.00
<b>Grand Total (£)</b>	<b>67,371.60</b>	<b>685.61</b>	<b>208,138.79</b>	<b>276,196.00</b>

**Important to Note:**

Appendix I is a forecast of costs for Investment Management Expenses rather than a traditional budget. This is due to the level of estimation involved and the extent of the unknown, especially given that Investment Management and Performance Fees are based upon an unpredictable Market Value. This terminology has been adopted following discussions with the CIPFA Pensions Network.